

APPROPRIATIONS - FINANCE & CLAIMS

SUBCOMMITTEE: HUMAN SERVICES

AGENCY I

FEBRUARY 27, 1979 - CAPITOL ANNEX

The meeting was called to order at 7:15 p.m. by Chairman Steve Waldron with the following members present:

Chairman Steve Waldron
Representative Bill Hand
Senator Gary Aklestad
Senator Pat Regan
Senator Pete Story

Representative Robert Marks - Absent

Others present were: Curt Nichols, LFA; Linda Gamble, OBPP; Ron Weiss, OBPP; and Jim VanKoten, OBPP.

DEPARTMENT OF LABOR & INDUSTRY

This department is broken down by the Executive Budget Office into several programs. The LFA will review the department in that manner.

CENTRALIZED SERVICES

Centralized Services is responsible for the accounting services, secretarial pools, and other support services for all the divisions within the Department of Labor & Industry except for Workers' Compensation and Employment Security. Centralized Services was formed after the last Legislature. The service works on a revolving fund account and charges the separate divisions for their work. They charge the other agencies based on the number of personnel in those agencies.

There is about \$10,000 difference between the two budgets. The Executive budget is about \$10,000 higher.

Linda Gamble explained to the subcommittee that \$3,000 of the difference is in personal services. The OBPP recommended 9.75 FTEs. Six thousand dollars of the difference is in operating expenses. This is for an expense called transfers. In the department they use an indirect cost method. Within that method they charge transfers to the agencies for payment. The money then goes back to Centralized Services.

COMMISSIONER'S OFFICE

There are two FTEs in this program. There is a commissioner

JW

and his secretary. They are responsible for the overall administration of the department. The two budgets are very close.

LABOR ADMINISTRATION

This program is responsible for three bureaus: the Women's Bureau, the Apprenticeship Bureau and the Standards Bureau.

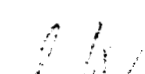
The Apprenticeship Bureau is responsible for approving all Apprenticeship Programs in the state plus review and monitoring of the existing programs. They must review the programs once or twice per year. They are completely funded by the Veterans' Administration.

The Standards Bureau is responsible for administration and enforcement of the state's laws on wages, hours, working conditions, child labor, contractors' bonds, maternity leave, nurses collective bargaining and private employment agency licensure.

The Women's Bureau is responsible for the law with regards to employment and employability of women. They provide public education, help in the state-wide effort for the MIPS program, attend meetings relating to the field and organize among other things.

The LFA is \$10,000 per year higher than the Executive Budget Office for the entire budget which includes the three bureaus. Curt Nichols, fiscal analyst, felt this was in operating expenses, primarily in the travel allocation. Senator Aklestad inquired if the three bureaus could be combined. The LFA explained that Legislature set up the present arrangement. Last Legislature gave the Women's Bureau one additional FTE which would be up for review this Legislature.

Linda Gamble, OBPP, told the subcommittee that they have recommended an additional \$2,000 for the Women's Bureau from the earmarked account for a publication called "Getting Hired". This would be a total of \$4,000 for the biennium. They do sell the book and they want to use some of those funds for further publication. The OBPP is also recommending an increase in the authorization of earmarked funds from the Private Employment Agency Act. The funds would come from fees collected under the act. The division would like the funds to reprint rules and regulations under the act because of changes in the Montana Codes. The increase would also be used for promulgating the rules and travel to implement the rules. Linda Gamble also added that the OBPP had cut the travel allowance for the division.



BOARD OF PERSONNEL APPEALS

This program is responsible for collective bargaining in the public sector. They handle mediation, fact finding, grievances and unfair labor practices among other things.

The LFA budget is about \$10,000 per year higher than the Executive budget. This is due to the number of FTEs allowed. The Executive Office eliminated one position while the LFA left the program at it's current level.

Curt Nichols was asked how the fiscal analysts figured out their budgets. Mr. Nichols explained that they started out with what the Legislature appropriated for the last biennium. From there they go into the departments and look at their work loads, their performance levels and duties. They then make comparisons between agencies, with other states and federal offices. From that they decide if they need all their FTEs and the level of funding. They need substantial proof that an FTE is not being utilized before they will reduce the level. They do not make judgments whether the program should exist or not. That decision is left up to the Legislature.

Linda Gamble agreed that the difference in budgets is in personal services. She also told the subcommittee that they have a proposed budget modification. They would like to add back one of the FTEs they deleted previously. This would be an attorney position which the program needs.

GOVERNOR'S EMPLOYMENT TRAINING DIVISION

This is the state agency which handles the CETA program. They are the grantee that receives the CETA money and they in turn subgrant the money to such places as the Superintendent of Public Instruction. They distribute money and audit those programs that receive the money. Both budgets recommend the expansion of six FTEs for additional monitoring. Chairman Waldron mentioned that there have been abuses nationwide and they are requesting more monitors.

Linda Gamble told the subcommittee that there will be a 65% increase in the CETA funds. This program is very tied down with rules and regulations placed on them by the federal government. Since they put the budget together the department is requesting nine more FTEs. They need the extra people for a new Independent Compliance Monitoring Program and to develop and maintain a tracing system which have been added as federal requirements. These FTEs would not require additional

LH

funding. They will fund the positions with money which was going to be used for contracted pilot programs. All the subcommittee would be required to do is switch funding from contracted services to personal services. The Executive is then asking for a total of 15 new FTEs making the program at 30 FTEs.

HUMAN RIGHTS

This program is responsible for investigating and enforcing complaints on discrimination including sex discrimination, handicapped discrimination and others. They work strictly on a complaint basis.

The LFA has recommended eliminating 1.3 FTEs and the Executive recommended eliminating 3.3 FTEs. The LFA reduced a .33 accounting position which was transferred to Centralized Services. The other loss of FTE is due to the program's loss of a contract to monitor CETA subgrantees. The LFA told the subcommittee that additional federal funds have become available for this program and he will revise his figures by approximately \$60,000. He will also consider the funding mix.

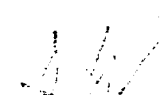
Mr. Nichols was questioned on the Human Rights Commission. The commission is the actual body which hears the appeals and the cases. The division is responsible for investigating and enforcing the cases. It is legislative intent that the two not be combined.

Linda Gamble explained to the subcommittee that their budget was predicated on the passage of legislation. Their proposal was based on pending legislation to integrate with the department. However, the bill has been killed. They still stand by their budget. The chairman wanted to know why they did not change the budget after the legislation was killed.

EMPLOYMENT SECURITY DIVISION

This division is responsible for Unemployment Insurance and Benefits and Employment Services. The difference in budgets is due to the fact that the LFA took a 6% vacancy savings. Contracted services was increased for pay roll services. The LFA recommended \$25,000 less for travel than the Executive Budget Office and they both included funds for a computer system and terminals for the local offices. This would match jobs and applicants throughout the country. This was authorized last Legislature but was never done.

Linda Gamble explained that they did not take a vacancy



savings because the division must hire contingency help in peak seasons which is paid from funds left by vacancies. The federal funds are set up for a base staff with no extra funds for the contingent people.

Also the computer did not put out \$2,600,000 of grant money which will have to be added on to the Executive budget. It is all federal money and was inadvertently left out. Linda told the subcommittee that any funds not used by Montana goes back to other states. Federal money is distributed according to work load in this division and the division is monitored on a three month schedule.

WORKERS' COMPENSATION DIVISION

This division is responsible for several programs. The first program is responsible for the three insurance plans. The first plan is the State Plan where the state is the insurer and the state pays the benefits; second is the Employers' Self Insurance Plan which the state must monitor and make sure payments are made; and the third insurance plan is with a private carrier which the state must also monitor and be sure the coverage meets the state standards.

They also handle the Silicosis program where silicotics are reimbursed \$175 per month and widows are given \$87.50 per month. This program should decline as the silicotics pass away.

Another program is payments for Social Security Offsets. In 1974, the state reduced insurance benefits in allowance for social security payments. This was not legal and they must offset this difference for any beneficiary who died in fiscal year 1974. This is strictly general fund money and eventually will be discontinued.

The division also handles the Crime Victims' Compensation. This is a relatively new program and has gotten off to a slow start. This is all earmarked funds from fine money. The LFA recommends \$150,000 per year. They also authorized three FTEs. Only one FTE is utilized at this time; however the program may expand as it is used more.

The differences within the entire division is in personal services. The LFA left the division at current level whereas the OBPP cut three positions with the freeze and then added one back on. Also the LFA recommended less for travel.

Linda Gamble told the subcommittee that they have asked for


Human Services - Agency I
February 27, 1979
Page 6

a budget modification to add on one FTE for claims investigation to work with uninsured employers who have to start paying benefits. The OBPP also computed rent and repair costs differently than the LFA. The department feels they need \$208,000 to operate the Crime Victim Compensation Program.

The Friday night and Saturday morning meetings have been canceled.

The meeting was adjourned at 8:15 p.m.

Respectfully submitted:



Steve Waldron, Chairman
Approved

bes